

**COUNTY OF MADERA
BUDGET UNIT EXPENDITURE DETAIL
BUDGET FOR THE FISCAL YEAR 2009-10**

Department:

INSURANCE

(00230)

Function:

General

Activity:

Other General

Fund:

General

<u>ACCOUNT CLASSIFICATION</u>	<u>ACTUAL EXPENDITURES 2007-08</u>	<u>BOARD APPROVED EXPENDITURES 2008-09</u>	<u>DEPARTMENT REQUEST 2009-10</u>	<u>CAO RECOMMENDATION 2009-10</u>
<u>SALARIES & EMPLOYEE BENEFITS</u>				
710102 Permanent Salaries	93,144	73,000	77,000	77,000
710103 Extra Help	13,901	30,000	10,000	10,000
710200 Retirement	14,758	18,000	19,200	19,200
710300 Health Insurance	6,286	11,000	10,000	10,000
710400 Workers' Compensation Insurance	446	372	314	314
TOTAL SALARIES & EMPLOYEE BENEFITS	128,535	132,372	116,514	116,514
<u>SERVICES & SUPPLIES</u>				
720600 Insurance	14	13	10	10
720601 Insurance Premiums	143,277	130,702	139,600	139,600
720602 Unemployment Insurance	193,660	180,000	250,000	250,000
720605 Employer Share Retiree Health Insurance	605,936	900,000	1,350,000	1,350,000
720606 Insurance Administrative Fees	31,592	45,000	55,500	55,500
720800 Maintenance - Equipment	0	250	250	250
721300 Office Expense	1,158	800	500	500
721600 Rents & Leases - Equipment	0	220	220	220
722000 Transportation & Travel	32	200	200	200
TOTAL SERVICES & SUPPLIES	975,669	1,257,185	1,796,280	1,796,280
TOTAL - INSURANCE	1,104,204	1,389,557	1,912,794	1,912,794
770100 Intrafund Transfer	(249,858)	(50,173)	(538,173)	(538,173)
GRAND TOTAL - INSURANCE	854,346	1,339,384	1,374,621	1,374,621

COMMENTS

This Department, under the administrative control of the Administrative Office, is responsible for administering the County's Self-Insured Liability and Workers' Compensation Programs. In addition, this Department is responsible for coordinating the County's Safety Program required by CAL-OSHA, and acquiring necessary levels of insurance for property, crime, and boiler coverage.

STAFFING

	2008-09	2009-10
<u>Permanent</u>	<u>Authorized</u>	<u>Request & Recommend</u>
Risk Management Analyst	1	1

SALARIES & EMPLOYEE BENEFITS

- 710102 Permanent Salaries are recommended at \$77,000 based on present cost of staff.
- 710103 Extra Help is recommended at \$10,000 as the estimated cost to provide training by prior Risk Management Analyst to new Analyst.
- 710200 Retirement reflects the County's anticipated contribution to Social Security and the Public Employees' Retirement System.
- 710300 Health Insurance is based on the employer's share of health insurance premiums.
- 710400 Workers' Compensation reflects the Department's contribution to the County's Self-Insurance Internal Service Fund.

SERVICES & SUPPLIES

- 720600 Insurance contribution reflects the Department's contribution to the County's Self-Insured Liability Program.
- 720601 Insurance Premiums are recommended at \$139,600. This account provides for the premium costs of policies as follows: Property Insurance, which includes Terrorism and Sabotage, Boiler and Machinery Insurance and Pollution (\$134,000) and a Crime Bond (\$5,600).

SERVICES & SUPPLIES (continued)

- 720602 Unemployment Insurance is recommended at \$250,000 based on current year's experience. This budget reimburses the State for unemployment benefits paid to recipients previously employed by the County.
- 720605 Employer-Share Retiree Health Insurance (\$1,350,000) This account provides for the County's share of the retiree's health insurance premium as required by the Public Employees' Retirement System (PERS) Health Benefits Program. There are an estimated 250 retirees participating in the program. AB 2566, effective 1/1/08, changed the computation for the annual increase to the County's share of retirees' (annuitants) health insurance premium. For 2009-10, the County will be required to contribute up to an additional \$100 per month for each retiree participating in the PERS Health unless the County's contribution reaches the same level of contribution for each covered health plan as an active employee. It is anticipated that in January 2010, the County will be paying 100 per cent of the single retiree's premiums for most of the covered plans. As of 3/31/09, there were 246 retirees participating in the PERS Health Benefits Program.
- 720606 Insurance Administrative Fees is recommended to be shown as a separate line item expense and to be funded at \$55,500. In the past years the development of the annual budget combined the cost to provide administrative services for the counties participating in the PERS Health Benefits Program was with the above account (Employer-Share Retiree Health Insurance). Currently the fee represents .45% of the monthly health insurance premiums.
- 720800 Maintenance - Equipment is recommended at \$250 for maintenance expense of the microcomputer.
- 721300 Office Expense is recommended at \$500, based on anticipated activity of the County Safety Program and accident investigations.
- 721600 Rents & Leases - Equipment is recommended at \$220 for the rental of Central Garage vehicles for an estimated 525 miles.
- 722000 Transportation & Travel is recommended at \$200 to fund liability and workers' compensation seminars.

COST APPLIED

\$50,173 of the combined premiums for Property and Pollution coverage will be charged to the Insurance Premium accounts of Roads (\$2,932); Social Services (\$3,527); Public Health (\$1,922); Behavioral Health Services (\$1,989); Child Support (\$450); and various Maintenance and Special Districts (\$39,353), and

\$488,000 will be charged to the Employer-Share Retiree Health Insurance accounts of the subvented departments of Public Health (\$65,000), Social Services (\$245,000), Behavioral Health Services (\$25,000), Child Support (\$40,000), and RMA-Road Department (\$113,000) for their share of the County's contribution towards the retirees' health insurance premium.

RECOMMENDED 2009-10 FUNDING CONTRIBUTIONS TO THE
SELF-FUNDED WORKERS' COMPENSATION AND LIABILITY PROGRAMS

Workers' Compensation

The annual actuarial review has concluded that the Fund will be adequately reserved based on their projected values of the current cases, and will have a fund excess of approximately \$1,530,000 as of 6/30/09. It is recommended that the County implement a three-year funding plan to bring program assets back to a 70% confidence level. Under this recommended plan, the County would fund the full value of each prospective year's claims costs; but in addition return a portion of the 08/09 projected fund excess each year. This plan smooths out the potential under or over funding cycles of the program's assets.

Based on the actuary's estimated 2009-10 claim values, an additional \$2,350,000 is recommended to be added to the fund at a 70% confidence level. To fund the estimated 2009-10 claims values, it is recommended that \$2,104,830 be contributed from the General Fund, \$243,454 from the Road Fund, and \$1,716 from Central Garage.

The Estimated Fund Expenses for 2009-10 are shown below.

Liability

The annual actuarial review has concluded that the Fund is adequately funded based on the projected values of the current cases, and will have a fund excess of approximately \$1,492,000 as of 6/30/09.

Based on the actuary's estimated 2009-10 claim values, an additional \$1,169,000 is recommended to be added to the fund at the 75% confidence level. To fund the estimated 2009-10 claims values, it is recommended that \$647,743 be contributed from the General Fund, \$443,271 from the Road Fund, \$77,922 from Special Districts, and \$64 from Central Garage.

The Estimated Fund Expenses for 2009-10 are shown below.

The following is detail regarding the estimated and actuarial recommended trust fund balances, including requested trust fund expenditures supporting Workers' Compensation and Liability:

	<u>Workers'</u> <u>Compensation</u>	<u>Liability</u>
<u>RECOMMENDED ACTUARIAL FUNDING</u>		
Estimated Fund Balance as of 6/30/09	\$7,880,000	\$1,492,000
Actuarial's Recommended Fund Balance as of 6/30/09	6,350,000	919,000
Estimated Fund Excess (or Deficit)	1,530,000	573,000
Recommended Fund Contribution for 2009-10 (Funding based on a level of confidence of 70% for Workers' Compensation and 75% for Liability)	2,350,000	1,169,000
Less: Road Department Contribution	243,454	443,271
Less: Central Garage Contribution	1,716	64
Less: Districts Contribution	-0-	77,922
RECOMMENDED GENERAL FUND CONTRIBUTION	\$2,104,830	\$ 647,743
Combined Total Recommended General Fund Contribution	<u>\$2,752,573</u>	
<u>ESTIMATED FUND EXPENSES FOR 2008-09</u>		
Judgement & Damages	2,250,000	600,000
Professional and Legal Services	-0-	550,000
Excess Insurance Authority Premiums	472,000	836,500
Annual Actuary Studies	2,000	2,000
Adjustment Services	161,000	-0-
State Self-Insurance Assessment Premium	30,000	-0-
Hearing Tests	1,500	-0-
Hepatitis B Immunization	1,500	-0-
Salary & Employee Benefits of Risk Management Analyst	<u>10,620</u>	<u>105,580</u>
Total Recommended Fund Expenses for 2008-09	<u>2,928,620</u>	<u>\$ 2,094,080</u>